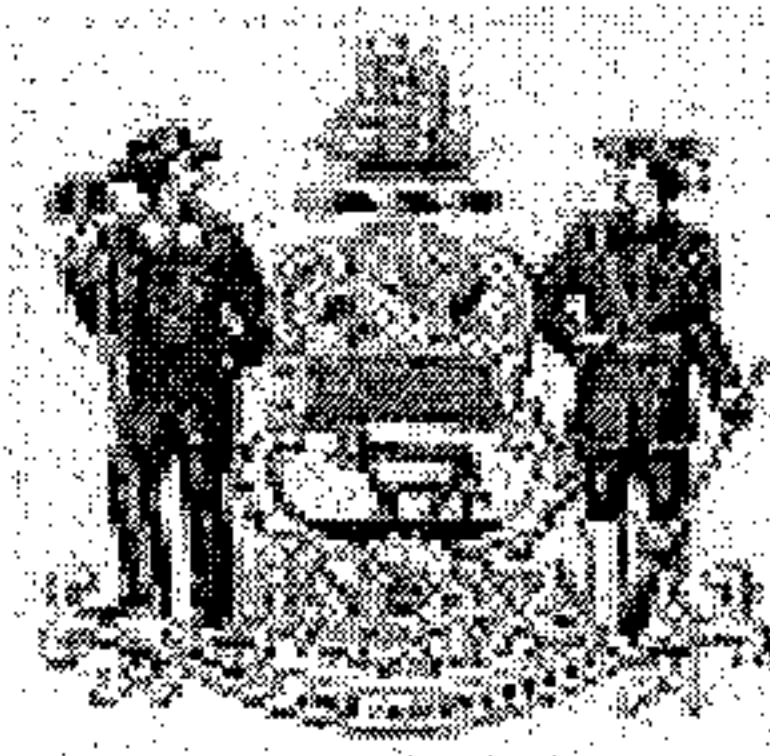


DOC. NO. 13-473

CK # 020679.

\$100.00 ad.



STATE OF DELAWARE
THE PUBLIC SERVICE COMMISSION
CANNON BUILDING
861 SILVER LAKE BLVD., SUITE 100
DOVER, DELAWARE 19904

RECEIVED
2013 NOV 27 PM 1 30
DELAWARE P.S.C.

TELEPHONE: (302) 736-7529

TELECOPIER: (302) 739-4849

FILING COVER SHEET

1. NAME OF APPLICANT: Artesian Water Company, Inc.

2. TYPE OF FILING: RATE CHANGE ☒
FUEL ADJUSTMENT ☐
ADMINISTRATIVE ☐
CPCN ☐
NEW SERVICE OFFERING ☐
OTHER - DESCRIBE _____

IF A TELECOMMUNICATIONS FILING, WHAT TYPE OF SERVICE IS IMPACTED?

BASIC _____ COMPETITIVE _____ DISCRETIONARY _____

3. PROPOSED EFFECTIVE DATE: January 1, 2014

IS EXPEDITED TREATMENT REQUESTED? YES ☒ NO ☐

4. SHORT SUMMARY OF FILING: Implement Distribution System Improvement Charge

5. DOES THIS FILING RELATE TO OTHER DOCKETS: YES ☐ NO ☒

IF YES, LIST DOCKET(S) NO(S): _____

6. IS PUBLIC NOTICE REQUIRED? YES ☐ NO ☒
IF YES, PLEASE ATTACH COPY OF PROPOSED PUBLIC NOTICE.

7. APPLICANT'S CONTACT PERSON: NAME: David Valcarenghi
TITLE: Manager of Rates & Regulation
PHONE: (302) 453-6995
FAX: (302) 369-4041
EMAIL: dvalcarenghi@artesianwater.com
WEBSITE (IF APPLICABLE) www.artesianwater.com

8. DID YOU PROVIDE A COMPLETE COPY OF THE FILING TO THE PUBLIC ADVOCATE?
YES ☒ NO ☐ IF YES, WHEN? November 25, 2013

9. FILING FEE ENCLOSED: AMOUNT: \$ 100.00

NOTE: House Bill 681, enacted into law 7/13/98, authorizes the Commission to recover the cost of time spent by in-house staff to process all filings initiated after the date of enactment. You may be required to reimburse the Commission for staff time.

DOC. NO 13-473



OVER 100 YEARS OF SUPERIOR SERVICE

Artesian Water Company



Artesian Wastewater Management



Artesian Utility Development



Artesian Water Pennsylvania



Artesian Water Maryland



Artesian Wastewater Maryland

November 25, 2013

RECEIVED
2013 NOV 27 PM 1 30
DELAWARE P.S.C.

Alisa
Lisa
Donna
Kevin
Vincent

Robert J. Howatt
Executive Director
Delaware Public Service Commission
861 Silver Lake Boulevard
Cannon Building, Suite 100
Dover, Delaware 19904

Dear Mr. Howatt:

Enclosed for filing with the Delaware Public Service Commission are 1 Original and 5 copies of Artesian Water Company, Inc.'s application for the implementation of the Distribution System Improvement Charge pursuant to 26 Del. C § 314.

If you have any questions regarding this application, please contact David Valcarenghi at (302) 453-6995.

Sincerely,
Artesian Water Company, Inc.

A handwritten signature in black ink, appearing to read 'David B. Spacht', written over a circular stamp.

David B. Spacht
Chief Financial Officer & Treasurer

ENCLOSURE

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF DELAWARE

IN THE MATTER OF THE APPLICATION)
OF ARTESIAN WATER COMPANY, INC.)
CONCERNING THE DISTRIBUTION)
SYSTEM IMPROVEMENT CHARGE) PSC DOCKET NO. _____
("DSIC") EFFECTIVE JANUARY 1, 2014)
PURSUANT TO 26 DEL. C. § 314)

1. Artesian Water Company, Inc. ("Artesian") is a Delaware public water utility, regulated by the Delaware Public Service Commission ("Commission"). Artesian distributes and sells water to residential, commercial, industrial, governmental, municipal and utility customers throughout the state of Delaware. As of September 30, 2013, the Company serves approximately 79,400 metered customers. Artesian is a wholly owned subsidiary of Artesian Resources Corporation.
2. Pursuant to 26 Del.C. § 314, a public water utility providing water service may file with the Commission rate schedules establishing a DSIC Rate, or distribution system improvement charge, which allows for the automatic adjustment of the public water utility's basic rates and charges to provide for recovery of eligible distribution system improvements.
3. Artesian hereby applies for a DSIC Rate allowing for an automatic adjustment of its basic rates and charges and providing for recovery of DSIC Costs in accordance with 26 Del. C. § 314.
4. The proposed revenue requirement for eligible DSIC capital projects is \$380,236 which equates to a rate of 1.23%, as presented at Schedule 1 to this application.

A cumulative rate of 3.32%, when combined with the DSIC rate of 2.09% that became effective July 1, 2013, will be applied effective January 1, 2014. This proposed rate is less than the 5% maximum level, and therefore satisfies the requirements of 26 Del. C. § 314(b)(7). The proposed 3.32% rate is expected to increase Residential customer bills by approximately \$0.59 per month over the rates currently in effect.

5. Schedule 1A, attached to this application, provides the Company's capital structure as approved in the Company's most recent general base rate case, Docket No. 11-207, as required in accordance with Public Service Commission Order 8138, Final Regulations, Docket No. 63.
6. Schedule 1B, attached, details the amounts over or under collected in previous DSIC filings as required in Public Service Commission Order 8138, Final Regulations, Docket No. 63.
7. Schedule 2, attached, provides a listing of eligible DSIC capital projects, placed in service between May 1, 2013 and October 31, 2013, in accordance with 26 Del. C. §314(a)(4). Schedule 2 identifies, by description, DSIC projects in accordance with 26 Del. C. § 314 (a)(4) and Public Service Commission Order 8138, Final Regulations, Docket No. 63.
8. Schedule 2A, attached, provides detail of changes to Net Accumulated Depreciation in relation to the DSIC eligible capital projects included in this application.
9. Schedule 3, attached, provides a draft tariff page, which reflects the proposed DSIC rate to become effective January 1, 2014.

10. Schedule 3A, attached, is the clean version of the draft tariff page set forth in Schedule 3.

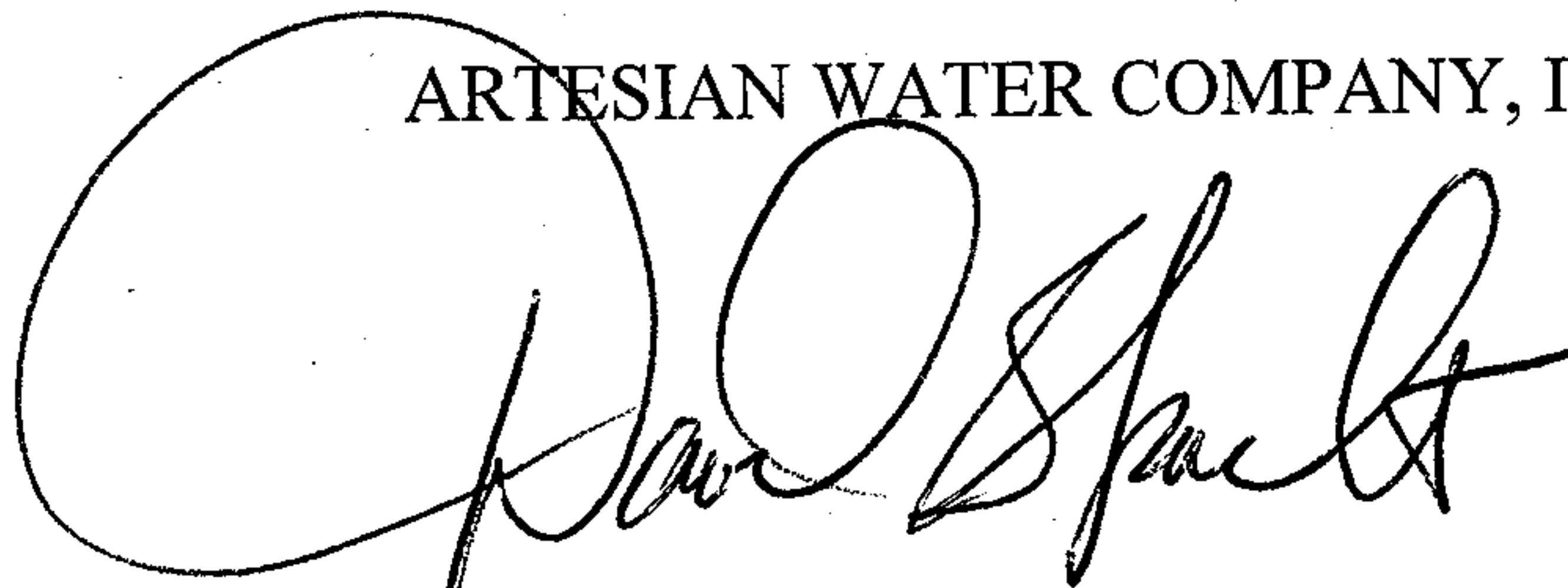
11. Artesian has appropriate evidence that documents and supports the recovery of claimed eligible DSIC capital projects in this application.

12. The Division of the Public Advocate has been served with a copy of this filing.

WHEREAS, in light of the foregoing, Artesian Water Company, Inc. respectfully requests that the Commission enter an Order, pursuant to 26 Del. C. § 314, that authorizes Artesian to implement a DSIC rate of 3.32% effective January 1, 2014, subject to audited results.

Respectfully Submitted,

ARTESIAN WATER COMPANY, INC.

A large, stylized handwritten signature in black ink, appearing to read "David B. Spacht". The signature is written over the company name and extends below it.

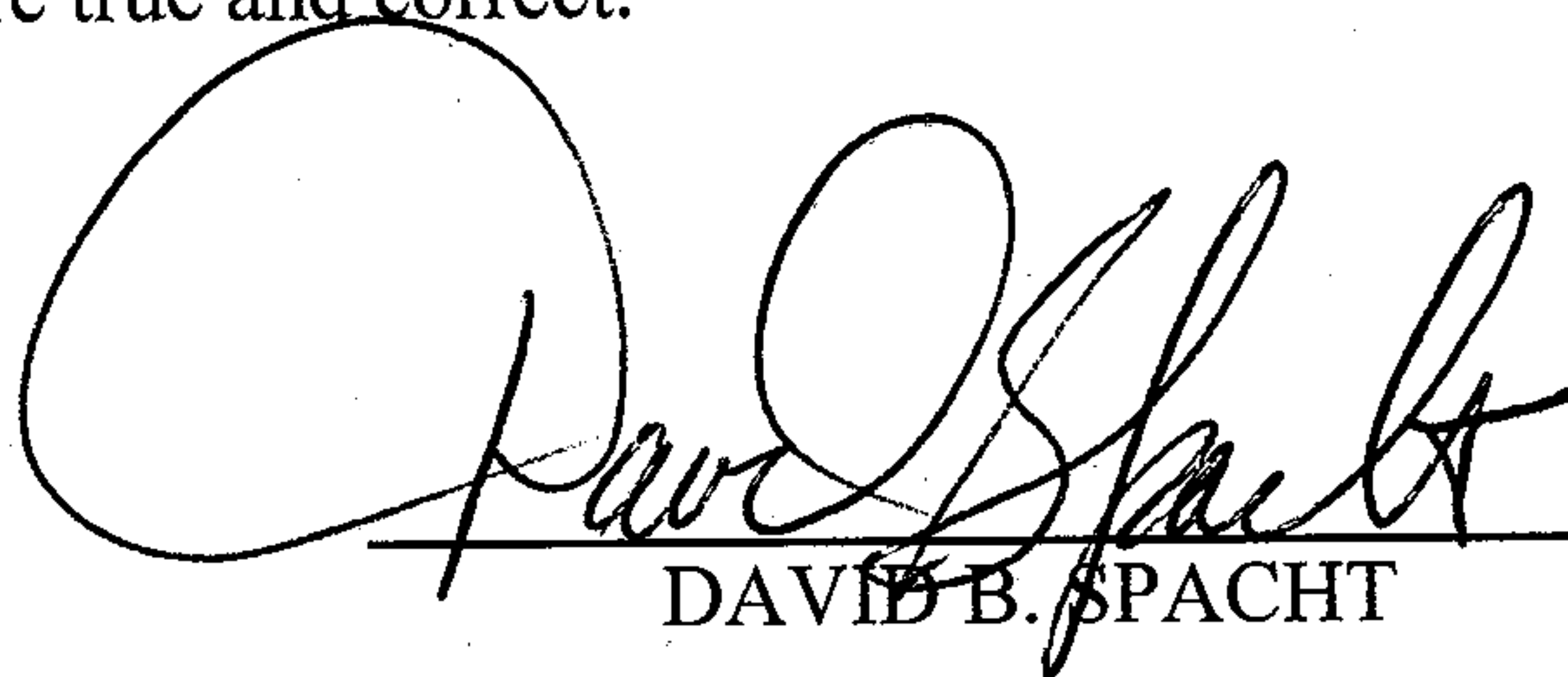
David B. Spacht
Chief Financial Officer & Treasurer
664 Churchmans Road
Newark, Delaware 19702
Telephone: (302) 453-6912
Facsimile: (302) 453-6957

STATE OF DELAWARE :

: ss

COUNTY OF NEW CASTLE :

DAVID B. SPACHT, being duly sworn, deposes and says he is Chief Financial Officer and Treasurer of Artesian Water Company, Inc; that the execution and filing of this Petition has been duly authorized; and that to the best of his knowledge, information and belief, that statements made therein are true and correct.



DAVID B. SPACHT

Subscribed and sworn to

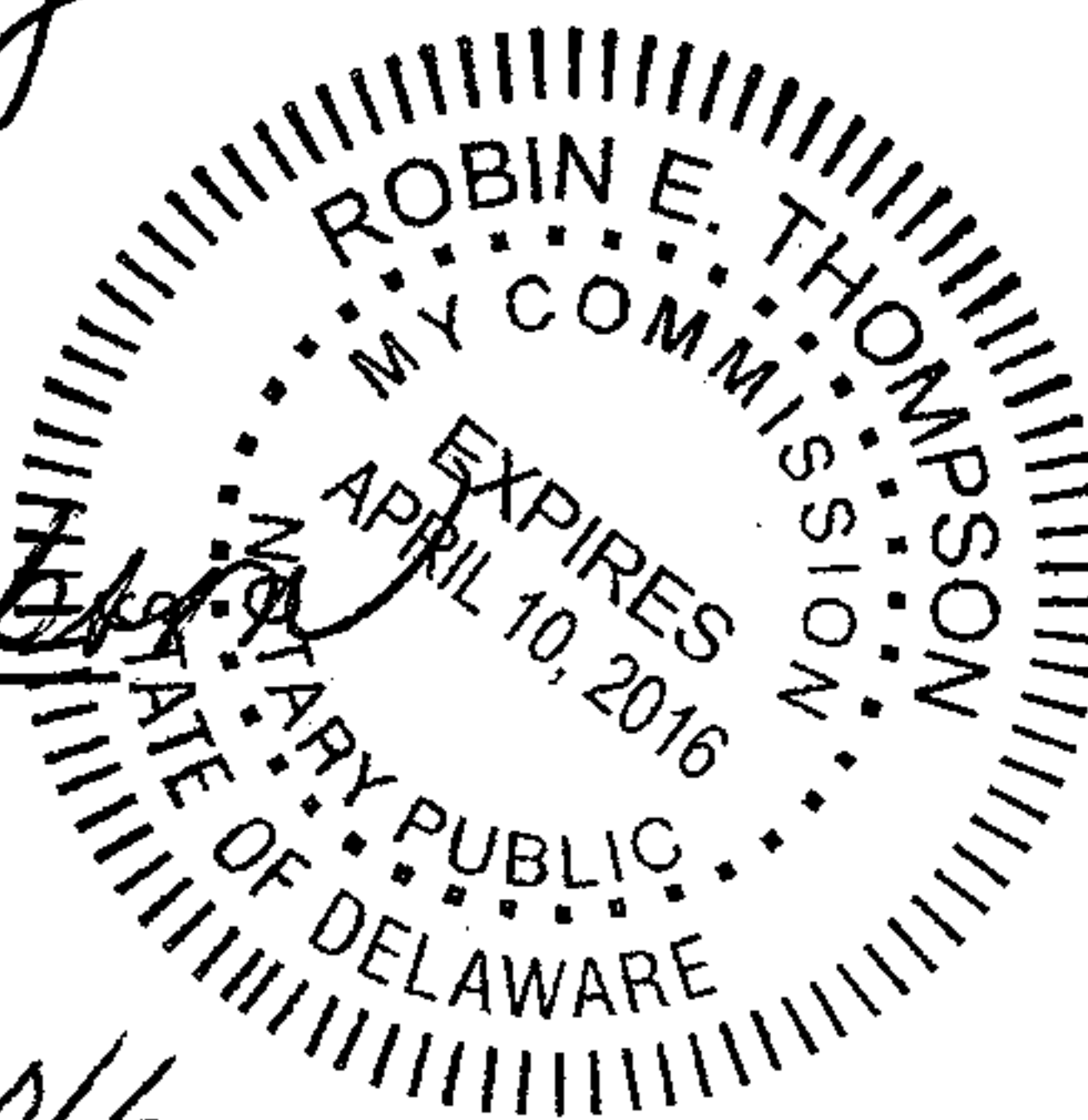
before me this ~~day~~ 25th day
of November 2013



Notary Public

My Commission Expires:

4-10-2016



Artesian Water Company, Inc.
DSIC Recovery Period May 1, 2013 through October 31, 2013
DSIC Calculation Effective January 1, 2014

Schedule 1: Development of Rate and Supporting Data

Line	Item	
1	Net Utility Plant Additions (Schedule 1A and Schedule 2)	\$4,835,232
2	Net Accumulated Depreciation Reserve Change (Schedule 2A)	\$381,916
3	Net Change in Rate Base (Line 1+Line2)	\$5,217,148
4	Pre-Tax Rate of Return (Schedule 1A)	13.20%
5	Semi-Annual Pre-Tax Rate of Return (Line 4/2)	6.60%
6	Semi-Annual Investment Cost Recovery (Line 3*Line 5)	\$344,332
7	Semi-Annual Depreciation Expense (Schedule 2A)	\$35,904
8	Semi-Annual DSIC Revenue Requirement (Line 6+Line7)	\$380,236
8A	Total Over-/(Undercollection) from Previous DSIC (Schedule 1B)	\$0
9	Total Semi-Annual DSIC Revenue Requirement (Line8+Line 8A)	\$380,236
10	Semi-Annual Projected Total Revenues (for DSIC)	30,966,267
11	Proposed DSIC Rate (Line 9/Line 10)	1.23%

Artesian Water Company, Inc.
DSIC Recovery Period May 1, 2013 through October 31, 2013
DSIC Calculation Effective January 1, 2014

Schedule 1A: Capital Structure Approved in Most Recent General/Base Rate Case

Capital Structure in PSC Docket No. 11-207					
	%	Cost	Weighted Cost	Revenue Multiplier	Pre-Tax Cost
Cost of Debt	50.95%	5.88%	3.00%	1.668541	5.01%
Cost of Equity	49.05%	10.00%	4.91%	1.668541	8.19%
	100.00%		7.91%		13.20%

Artesian Water Company, Inc.
DSIC Recovery Period May 1, 2013 through October 31, 2013
DSIC Calculation Effective January 1, 2014

Schedule 1B: Over/Undercollections from Previous DSIC Filings

Docket No.	Over/(Under)Collection
Total	\$0

Artesian Water Company, Inc.
DSIC Recovery Period May 1, 2013 through October 31, 2013
DSIC Calculation Effective January 1, 2014

Schedule 2: Projects Placed into Service and/or Retired

Utility Plant in Service					
Project Name	Description	Project No.	DSIC Amount (net of CIAC)	Retirement Cost	Additions Net of Retirements
Townsend to Old State Road	Hydraulic Improvement	2011013	\$1,102,197	\$0	\$1,102,197
Limestone Road	Main Renewal	3000945	\$370,057	\$3,227	\$366,830
Vilone Village	Main Renewal	3001221	\$62,465	\$0	\$62,465
Old Milltown Road	Main Renewal	3001222	\$118,362	\$3,055	\$115,307
Klair Estates	Main Renewal	3001223	\$850,021	\$18,420	\$831,601
Manette Heights	Main Renewal	3001453	\$9,627	\$0	\$9,627
Centerville Road	Main Renewal	3001454	\$187,899	\$32,330	\$155,569
Old Harmony Road	Main Renewal	3001455	\$250,890	\$10,676	\$240,214
Duross Heights	Main Renewal	3001456	\$623,961	\$69,580	\$554,380
Meadow Road	Main Renewal	3001457	\$108,719	\$6,207	\$102,512
Swanwyck Estates	Main Renewal	3001458	\$370,631	\$8,815	\$361,816
Keenwick Valve Replacements	Valve Replacement	3001460	\$80,338	\$0	\$80,338
Heritage Park	Main Replacement	3001479	\$77,872	\$3,520	\$74,353
Duncan Road Main Extension	Hydraulic Improvement	3001353	\$10,522	\$0	\$10,522
BR-1-366 on Chesapeake City Rd	Valve Replacement	3001373	\$159,698	\$107,576	\$52,122
4273 Mill Creek Road Valve	Valve Replacement	3001407	\$14,088	\$0	\$14,088
827 Watkins Way Valve	Valve Replacement	3001413	\$4,810	\$0	\$4,810
Henderson Hill Valve	Valve Replacement	3001416	\$2,543	\$0	\$2,543
126 Rockrose Drive Valve	Valve Replacement	3001426	\$2,049	\$0	\$2,049
Total Mains Projects			\$4,406,747	\$263,406	\$4,143,341
Limestone Road	Service Renewal	3000945	\$41,068	\$2,698	\$38,370
Old Milltown Road	Service Renewal	3001222	\$4,423	\$1,246	\$3,177
Klair Estates	Service Renewal	3001223	\$134,454	\$13,042	\$121,412
Centerville Road	Service Renewal	3001454	\$9,924	\$41,539	(\$31,614)
Old Harmony Road	Service Renewal	3001455	\$4,110	\$1,612	\$2,498
Duross Heights	Service Renewal	3001456	\$115,185	\$16,828	\$98,358
Meadow Road	Service Renewal	3001457	\$26,366	\$3,975	\$22,391
Swanwyck Estates	Service Renewal	3001458	\$57,984	\$5,144	\$52,840
Duncan Road Main Extension	Service Renewal	3001353	\$7,106	\$0	\$7,106
651 Grant Ave Service Renew	Service Renewal	3001379	\$4,955	\$346	\$4,609
3413 Roselawn Ave Service Rene	Service Renewal	3001399	\$1,740	\$123	\$1,616
102 Grier Ave Service Renew	Service Renewal	3001400	\$1,844	\$123	\$1,721
606 Basin Road Service Renewal	Service Renewal	3001427	\$2,573	\$909	\$1,663
Total Service Projects			\$411,732	\$87,585	\$324,147
Periodic Meters	Meter Replacements	3000503	\$145,792	\$56,756	\$89,036
Limestone Road	Meter Replacement & Pit Installation	3000945	\$10,131	\$0	\$10,131
Old Milltown Road	Meter Replacement & Pit Installation	3001222	\$3,512	\$0	\$3,512
Klair Estates	Meter Replacement & Pit Installation	3001223	\$64,558	\$0	\$64,558
Old Harmony Road	Meter Replacement & Pit Installation	3001455	\$3,171	\$0	\$3,171
Duross Heights	Meter Replacement & Pit Installation	3001456	\$73,158	\$0	\$73,158
Meadow Road	Meter Replacement & Pit Installation	3001457	\$8,490	\$0	\$8,490
Swanwyck Estates	Meter Replacement & Pit Installation	3001458	\$22,580	\$0	\$22,580
Total Meter Projects			\$331,391	\$56,756	\$274,635
Townsend to Old State Road	Hydraulic Improvement	2011013	\$33,837	\$0	\$33,837
Klair Estates	Hydrant Renewal	3001223	\$21,716	\$4,523	\$17,192
Centerville Road	Hydrant Renewal	3001454	\$4,028	\$1,273	\$2,754
Old Harmony Road	Hydrant Renewal	3001455	\$8,010	\$0	\$8,010
Duross Heights	Hydrant Renewal	3001456	\$18,176	\$2,107	\$16,069
Meadow Road	Hydrant Renewal	3001457	\$7,646	\$939	\$6,707
Swanwyck Estates	Hydrant Renewal	3001458	\$7,162	\$777	\$6,385

Artesian Water Company, Inc.
DSIC Recovery Period May 1, 2013 through October 31, 2013
DSIC Calculation Effective January 1, 2014

Schedule 2: Projects Placed into Service and/or Retired

Utility Plant in Service					
Project Name	Description	Project No.	DSIC Amount (net of CIAC)	Retirement Cost	Additions Net of Retirements
147 N Dupont Hydrant Replace	Hydrant Renewal	3001390	\$2,608	\$454	\$2,154
Total Hydrant Projects			\$103,182	\$10,073	\$93,109
Total Collecting Main Projects			\$0	\$0	\$0
Total Pumps & Pumping Equipment Projects			\$0	\$0	\$0
Total Water Treatment Facility Projects			\$0	\$0	\$0
Total Water Treatment Equipment Projects			\$0	\$0	\$0
Total			\$5,253,053	\$417,821	\$4,835,232
Net Total DSIC Eligible Project Costs			\$4,835,232		

Artesian Water Company, Inc.
DSIC Recovery Period May 1, 2013 through October 31, 2013
DSIC Calculation Effective January 1, 2014

Schedule 2A: Net Accumulated Depreciation

Net Additions to Plant and Depreciation Expense				
Account Name	NARUC Account No.	Amount	Depreciation Rate	Depreciation Amount
Mains	343	\$4,143,341	1.24%	\$51,377
Services	345	\$324,147	2.57%	\$8,331
Meters	346	\$274,635	3.84%	\$10,546
Hydrants	348	\$93,109	1.67%	\$1,555
Collecting Mains	316	\$0	1.18%	\$0
Pumps & Pumping Equipment	325	\$0	2.86%	\$0
Water Treatment Facility	331	\$0	2.00%	\$0
Water Treatment Equipment	332	\$0	2.22%	\$0
Total		\$4,835,232		\$71,809
Semi-Annual Depreciation Expense				\$35,904

Accumulated Depreciation Reserve Change	
Semi-Annual Depreciation Expense (above)	\$35,904
Retirements (Schedule 2)	(\$417,821)
Total	(\$381,916)

ARTESIAN WATER COMPANY, INC.
P.S.C. No. 1 - WATER
Effective: ~~July 1, 2013~~ January 1, 2014

Thirty-~~sixth~~ seventh Revised Sheet No. 5
Canceling
Thirty-~~fifth~~ sixth Revised Sheet No. 5

Private Fire Protection Charge:

A charge for customers who are provided with private fire protection through a sprinkler system or a private fire hydrant. The charge will be billed monthly in advance as follows:

1-1/2" detector check.....	\$ 19.28
2" detector check.....	\$ 40.95
4" detector check.....	\$ 106.69
6" detector check.....	\$ 227.47
8" detector check.....	\$ 378.70
10" detector check.....	\$ 565.73
12" detector check.....	\$ 618.19
Charge per private hydrant.....	\$ 227.47

Charges for water registered on bypass meters installed on lines providing private fire protection will be billed monthly in arrears. All water registered on bypass meters will be billed at the rate of \$ 8.277 per 1,000 gallons.

Distribution System Improvement Charge

In addition to the net charges provided for in this Tariff, a charge of ~~2.09~~ 3.32% will apply to all charges rendered on or after ~~July 1, 2013~~ January 1, 2014.

This charge will be recomputed semi-annually, using the elements prescribed by Section 314 of Title 26 of the Delaware Code.

SPECIAL SERVICES

The following Rules and Rates are applicable throughout the territory served by the Company for the following specified services.

Payment Terms:

All bills are due and payable upon presentation. See section titled "Bills and Payment" for additional information.

ARTESIAN WATER COMPANY, INC.
P.S.C. No. 1 - WATER
Effective: January 1, 2014

Thirty-seventh Revised Sheet No. 5
Canceling
Thirty-sixth Revised Sheet No. 5

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